

Report of the Mandated Health Benefit Task Force
IC 27-1-3-30
December 28, 2004

Background

Since 1970, state legislatures have employed mandated benefits to expand health insurance coverage for specific diseases and conditions. According to State Health Notes(9/22/03), the number of state health mandates increased more than forty fold from 1970 to 2000. These mandates now number in the thousands nationwide. As insurance premiums continued to rise, concerns grew regarding the cost of such mandates. This has prompted legislators to seek specific cost information regarding mandates and to subject proposed or existing mandates to financial evaluation. Among other actions, many states passed legislation requiring a cost- benefit analysis. Indiana's law cited below was passed in 2003. Although not specifically requiring cost-benefit analysis or other specific content or format, the law did establish a mechanism for review.

Indiana Statute IC 27-1-3-30 directs that the Commissioner of Insurance establish a task force to review mandated benefits and mandated benefit proposals. According to the law, the task force members are to serve on a voluntary basis without reimbursement, and the Department of Insurance is to provide administrative support. The task force is directed to submit its report to the legislative council not later than 12/31/04. The task force is to consist of two (2) members each from four interest groups: the insurance industry, consumers, health care providers, and the business sector. The ninth member of the task force is to be the commissioner or the commissioner's designee. Members are to be appointed by the governor. Please note that regarding this task force two appointed members, one health care provider representative and one consumer representative, were unable to fulfill their obligations, but were not replaced; therefore, the work of the task force was completed by seven members rather than nine as specified in the statute.

Meetings, Personnel, and Procedures

The task force convened initially on 5/17/04 and met on a monthly basis thereafter, a total of eight meetings. Personnel were as follows:

Chairman: Christopher Stack, M.D., Health Care Provider

Vice-Chair: Susan Schwab, Esq., Insurance Industry Representative

Members: Jennifer Berday, Consumer Representative

Holly King, Insurance Industry Representative

Van McQueen, Business Representative

Suheil Nammari, Business Representative

Debra Webb, Department of Insurance

Please note that task force members Debora Morrone and Norman Tabler, and Department of Insurance Deputy Commissioner Adrienne Quill, although present early in the work of the task force were unable to continue to participate. Ms. Morrone and Mr. Tabler were not replaced; Debra Webb replaced Adrienne Quill.

Minutes were recorded by Department of Insurance personnel and distributed both electronically and by hard copy. Meetings were conducted according to standard rules of order. The meetings were open to the public and attendance by interested parties was recorded in the minutes.

Synopsis of Meetings

At the initial meeting, a brief overview of the project was given by Ms. Quill and Insurance Commissioner Sally McCarty. Members were provided with copies of pertinent legislation, summaries of Indiana's mandates, and studies previously done by other states which might prove useful to us. Following the second meeting, Dr. Stack was elected Chairman and Ms. Schwab, Vice-Chair. Extensive discussion was devoted to an assessment of the capabilities of the task force with regard to the potential large scope of a general or specific mandate cost-benefit analysis. Constraints of time, resources and personnel, precluded our undertaking that study. Rather, it was the consensus of the task force that the state might be better served by creation of an assessment tool which might be applied by this task force as well as legislators in considering existing or proposed mandates. In other words, the assessment tool would be a template used to identify those factors, potential consequences and implications that should be evaluated by the legislature from the points of view of the business, consumer, insurance and medical communities in order to make an intelligent judgment. The task force members felt that this was a feasible goal and one that would allow us to make use of research and data generated in other states which had previously undertaken reviews of this nature.

With this in mind, the constituent members began drafting assessment tools for their respective audiences. These tools were consolidated into one document which has been reviewed, revised, and approved unanimously by the members. This is presented as Exhibit 1. This document is designed to facilitate the collection of information from the business, consumer, medical and insurance communities. The task force felt that the most effective way to gather the pertinent information would be by use of a well-designed, comprehensive questionnaire which would be suitable for the four target audiences. It is our opinion that the information provided by answers to these questions would be essential to the analysis of proposed or existing mandates.

CONCLUSIONS AND RECOMMENDATIONS

- The work of the task force should be continued in 2005 to allow further refinement and evaluation of the assessment tool and eventual analysis of existing or proposed mandates.
- Business representatives should include representatives of larger companies, perhaps benefit managers, to capitalize on a broader experience and prevent an unreasonable burden of work falling on the small business participants.
- The task force anticipates that the actual use of the assessment tool by its volunteer members may be a relatively slow process. Therefore, some consideration might be given to augmenting those task force resources.

Respectfully submitted by the members of the Mandated Health Benefit Task Force

Exhibit 1

Proposed Mandate Assessment Tool

This Proposed Mandate Assessment Tool, developed by the Indiana Benefit Mandate Task Force in 2004, is suggested for use by Indiana legislators, government policymakers/administrators, lobbyists, consumers and others in analyzing the value of a particular proposed Indiana Code health insurance mandate.

❖ General

1. Provide a synopsis of the proposed mandate, and attach complete proposed bill.
2. Does this bill require that an insurer:
 - ☐ offer the mandated benefit, or
 - ☐ cover the mandated benefit?
3. Does this mandate apply to:
 - ☐ large group policies ,
 - ☐ small group (2-50 eligible employees) policies, and/or
 - ☐ Individual insurance policies?
 - ☐ State of Indiana policies/self-funded plans?
 - ☐ Same question for HMO policies: _____
4. Does this mandate require that the mandated coverage of the services be the same as coverage of other medical conditions? (May deductibles, copayments, dollar and visit maximums, and medical necessity determinations apply to coverage?) If not, describe how it differs from coverage of other medical conditions: _____
5. Why is the mandate being proposed? Which interest groups support it? Which interest groups oppose it?

6. What has been the history of complaints/appeals with the Indiana Department of Insurance?

❖ Prevalence in Other States/Plans

1. Is this benefit/practice mandated in other states? _____. If yes, please summarize any analyses performed, and attach a full copy of the analysis. Specify, for each state in which it is mandated, whether it is “must offer” or “must provide”.

2. Are there any states that have considered mandating this benefit/practice, but did not? Provide details.

3. Do Indiana residents have the same prevalence of the health issue covered by the mandate as other states?

4. Is this benefit/practice mandated in contiguous states, and if so, how?
 - Illinois

 - Kentucky

 - Michigan

- Ohio
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5. Is the benefit/practice currently provided by the following major plans?

- ___ Medicare [] No, [] Yes, [] In part by covering

- ___ Medicaid [] No, [] Yes, [] In part by covering

- ___ FEHBP [] No, [] Yes, [] In part by
covering _____
- ___ Federally qualified HMOs [] No, [] Yes, [] In part by
covering _____
- ___ State of Indiana Employee Benefit Plan [] No, [] Yes, [] In part by
covering _____
- ___ Top Ten Health Insurance Carriers [] No, [] Yes, [] In part by
covering _____
- ___ Top Ten Third Party Administrators for self-funded plans [] No, []
Yes, [] In part by
covering _____

6. Do self-funded plans generally cover the benefit/practice in the same manner as insured plans? If not, please specify differences and please specify why the self-funded plan might treat the mandate differently.

Consequences – Direct and Indirect

❖ Insurance Implications – Information from specific insurers/health plans/administrators (“Plans”):

1. Is this proposed mandate currently covered by existing plans?
(Please answer below for all types of plans insured or administered, including individual, small group, and large group insured plans, self-funded plans, and government (local, state and federal) plans.)

- ☐ No, on the following
plans: _____
Estimate the percent of membership that are in these plans: ____%
- ☐ Yes, on the following
plans: _____
Estimate the percent of membership that are in these plans: ____%

- ☐ In part by covering _____ on the following plans: _____
 Estimate the percent of membership that are in these plans: _____%
2. Considering only plans that cover this proposed mandate:
- How many members had paid claims under this proposed mandate in the past year? _____
 - What percentage is this of the total members covered by these plans?

 - What is the average cost of this proposed mandate per member per year for only those plans? _____
3. Estimate the cost, per member (or employee) per month (please specify pmpm or pepm), of adding this mandate to:
- Plans that do not cover this mandate currently:
 - The average % increase in insurance premium:

 - The average % increase in self-funded plan administrative fees:

 - Plans that cover part of this mandate currently:
 - The average % increase in insurance premium: _____
 - The average % increase in self-funded plan administrative fees: _____
4. Explain the reason for the cost increase, if there is one (which may include increases or decreases due to direct and/or indirect health care cost, utilization changes, administrative expenses). _____

5. Estimate the dollar amount pmpm or pepm (please specify), if any, that the mandate will reduce the need for other medical services and so result in health claim savings: _____
 _____ How does this offset any premium increase? _____
6. Do any plans have a medical policy on this mandate or provide for medical director review of such services? ____ If so, please answer the following questions.
- What is the accepted medical treatment for the condition covered by the mandate? _____

 On what information do you base your opinion of accepted medical treatment?

 Please include copies of any relevant documentation you may have concerning such medical services and accepted medical treatment.
 - What is the possible health impact of not providing care or treatment regarding this condition (positive, mixed, neutral, or negative)?

c. What medical, behavioral, and lifestyle alternatives exist for treating the specified conditions?

❖ **Business Implications – Information from Specific Business Owners**

1. How many employees in the company? _____; number part time (less than 30 hr/wk) _____ number full time (30 or more hr/wk) _____
2. Does the company offer health insurance to employees? _____ If so, to: full time only? _____ Full and part time? _____ Dependents? _____ Retirees? _____
3. What percent of premium or flat dollar amount do employees contribute, if any, to the cost of health insurance? _____ Is the company health plan self-funded? _____
4. Are you aware that this proposed mandate, if passed by the legislature, will require health insurers to offer or cover (see under General above) this benefit, which may result in a premium increase? _____
5. Should this proposed mandate be covered under the company's health plan? _____ Under other health plans? _____ If yes, which types? _____
6. How will the company be affected if health insurance premiums rise this year?

7. What has been the average increase of health insurance premiums to the company over the past three years?

8. What action will the company take if its health insurance premiums continue to rise?
 - a. _____ pass the cost on to employees
 - b. _____ absorb the cost of the increase
 - c. _____ reduce the number of employees eligible for insurance coverage
 - d. _____ re-design the plan currently provided
 - e. _____ Other_____
9. If the company has 50 or fewer employees, please indicate if you think that any of the following would be of assistance in allowing the company to continue providing employee health insurance coverage:
 - a. _____ joining with other small companies to try to reduce premiums by increasing the company's negotiating and purchasing power.
 - b. _____ changing the law to allow small companies to purchase health insurance plans that do not include all mandates in order to try to reduce premiums.
 - c. _____ the company will continue to provide coverage without these changes.
 - d. _____ Other_____

❖ **Social Implications – Information from Specialty Associations and Government Agencies**

1. How many Indiana residents annually need services under this proposed mandate?_____
2. What is the annual cost to each resident for such services, assuming that there is no insurance coverage?_____
3. Estimate the % of residents who would forego such services if they had no insurance coverage of the service:_____ What are the consequences of foregoing such services? _____

4. What, if any, other social implications are there?_____
5. If there are insurance policies that will be exempt from this proposed mandate, e.g. individual policies, what is the reason for the exemption?

6. What is the potential number of persons that may no longer be able to afford coverage as a result of this mandate? _____
7. What are public policy reasons for mandating this benefit?

8. Explain specifically what current uncovered health care expenses for insured persons (that would be covered under the proposed mandate) are now being paid for by State or Federal programs, and estimate the cost.

❖ **Medical Efficacy – Information from Specific Medical Professionals**

1. What is the incidence and prevalence rate data regarding _____ condition in Indiana?

2. What is the severity index of this condition in those affected?

3. Is the proposed mandate consistent with the consensus in the medical community regarding efficacy and quality of diagnosis and treatment of this condition? If not explain.

4. On what information do you base your opinion of accepted medical treatment?

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5. What is the possible health impact of not providing care or treatment regarding this condition (positive, mixed, neutral or negative)?_____ Please explain.
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6. What medical, behavioral, and lifestyle alternatives to the proposed mandated treatment exist?
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Please include copies of any relevant document that the medical professional has concerning such medical services and accepted medical treatment.

❖ Review and Expiration

1. If this proposed mandate is enacted, should it have a sunset date? _____ If so, when?
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2. If this proposed mandate is enacted, should the actual effect of this mandate be studied in the future, and if so, when?
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